

COASTAL CONSERVANCY

Staff Recommendation
October 18, 2012

UVAS RESERVOIR COUNTY PARK AREA PROPERTY ACQUISITION

Project No. 12-032-01
Project Manager: Jeff Melby

RECOMMENDED ACTION: Authorization to disburse up to \$250,000 to the Peninsula Open Space Trust for acquisition of the 358-acre Uvas Reservoir County Park Area property near the City of Morgan Hill in unincorporated Santa Clara County.

LOCATION: Southwest of the City of Morgan Hill and adjacent to Uvas Reservoir County Park in southern Santa Clara County.

PROGRAM CATEGORY: San Francisco Bay Area Conservancy

EXHIBITS

- Exhibit 1: [Project Location and Site Maps](#)
 - Exhibit 2: [Project Photographs](#)
 - Exhibit 3: [Conservation Lands Network Analysis](#)
 - Exhibit 4: [Project Letters](#)
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RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31165 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of up to \$250,000 (two hundred fifty thousand dollars) to Peninsula Open Space Trust (POST) for acquisition of the approximately 358-acre property commonly known as the “Uvas Reservoir County Park Area property”, Santa Clara County Assessor’s Parcel Numbers 776-08-004, 776-08-005, and 776-08-017 (more particularly described in Exhibit 1, attached to the accompanying staff recommendation), for the purposes of preserving open space, scenic resources, plant and wildlife communities, and other natural resources; protecting watersheds; and enabling natural resource-compatible public access. This authorization is subject to the following conditions:

1. Prior to disbursement of any Conservancy funds, POST shall submit for review and approval by the Executive Officer of the Conservancy (“the Executive Officer”):
 - a. All relevant acquisition documents including but not limited to the appraisal, environmental assessments, agreement of purchase and sale, easements, escrow

instructions, title reports and documents of title necessary for the purchase of the property.

- b. Evidence that there is legal access to the property from a public road.
 - c. Evidence that POST possesses sufficient funds to complete the acquisition.
 - d. A stewardship plan, budget, and schedule describing the actions that POST will take, prior to the anticipated future transfer of the property to Santa Clara County Parks and Recreation Department (County Parks), to monitor and maintain existing natural resources on the property, any natural resource-compatible public access, and any grazing proposed for the property.
 - e. A plan showing the design and placement of signs acknowledging Conservancy funding for the acquisition.
2. POST shall pay no more than fair market value for the property, as established in an appraisal approved by the Executive Officer.
 3. POST shall permanently dedicate the property for the purposes of preserving open space, scenic resources, plant and wildlife communities, and other natural resources; protecting watersheds, and enabling natural resource-compatible public access in an instrument acceptable to the Executive Officer, consistent with Public Resources Code Section 31116(b).
 4. POST shall submit a written monitoring report to the Executive Officer before close of escrow for the property acquisition, and at five-year intervals thereafter for as long as it holds a property interest. The report shall state the existing property conditions with respect to preserving open space, scenic resources, plant and wildlife communities, and other natural resources, protecting watersheds, and enabling natural resource-compatible public access.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with the current Project Selection Criteria and Guidelines.
2. The proposed authorization is consistent with the purposes and objectives of Chapter 4.5 of Division 21 of the Public Resources Code, regarding the San Francisco Bay Area Conservancy Program.
3. POST is a nonprofit organization existing under the provisions of Section 501(c)(3) of the United States Internal Revenue Code, and whose purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

Staff is recommending that the Conservancy authorize the disbursement of up to \$250,000 (two hundred fifty thousand dollars) to POST for acquisition of the 358-acre Uvas Reservoir County Park Area property in Santa Clara County (the Property) (see Exhibit 1), for the purposes of preserving open space, scenic resources, plant and wildlife communities, and other natural

resources; protecting watersheds; and enabling public access that is compatible with those purposes.

Acquisition of the Property is a priority for Conservancy assistance because the Property is prominent in the viewshed, is biologically rich and diverse, and is anticipated to become an important addition to Uvas Reservoir County Park (County Park) (see Exhibit 1). Conservation of the Property is important from both a natural resources and watershed perspective. The Property contains numerous native plants and wildlife, and a portion of it drains directly into the Uvas Reservoir. The Property also contains 0.5 miles of a seasonal tributary to Uvas Creek, one of the most prominent streams for steelhead trout in Santa Clara County. The Property is located along a proposed north-south corridor within the Santa Cruz Mountains that has the potential to link over 40,000 acres of protected lands for wildlife and sensitive habitats. (The County Park is only three property ownerships away from the 3,882-acre Rancho Cañada del Oro Open Space Preserve, which connects to nine parks totaling over 31,000 acres along San Jose's southern edge.) Linkage of these protected areas would play a critical role in maintaining connectivity for species that require vast home ranges, like the mountain lion. In addition, the County Parks Master Trails Plan identifies a 1.85-mile route through the Property for potential trail development as a connection to Uvas Reservoir County Park and other regional parklands. The project will help implement open space and watershed protection goals and objectives of the Conservancy's Strategic Plan, further the Conservancy's long-standing efforts to assist with open space protection, and implement State and regional plans as follows:

Bay Area Conservation Lands Network (CLN; also known as Upland Habitat Goals): The CLN is a science-based assessment tool created by multiple agencies, and used to identify priorities for conservation of large blocks of lands needed to preserve biodiversity in the Bay Area. The Conservancy helped fund creation of the CLN by the Bay Area Open Space Council. Applying the Geographic Information Systems (GIS) database and analytical tools of the CLN indicates that 232 acres of the Property is designated in the CLN as an area "Essential to Conservation Goals", which is the highest priority for conservation. Among the vegetation conservation targets that protection of the Property would help accomplish are those for Coastal scrub, California Bay Forest, and Blue Oak-Foothill Pine Woodland (Exhibit 3).

Santa Clara County Countywide Trails Master Plan: The Master Plan identified a 1.85-mile route through the Property for potential trail development as a connection to Uvas Reservoir County Park, and ultimately to other regional parkland in the area. The Master Plan contains data on existing, partially completed, and proposed trails throughout both protected and not yet protected lands throughout the entire 826,000-acre county.

Santa Clara Valley Habitat Conservation Plan/Natural Community Conservation Plan (Draft) (HCP/NCCP): The HCP/NCCP is a regional partnership among six local partners and three wildlife agencies that looks at habitat resources on a large scale basis and identifies mitigation measures to protect sensitive habitat, while allowing for orderly development and public agency activities. The HCP, which will be finalized soon, covers approximately 520,000 acres, encompassing all of southern Santa Clara County, including the area where the Property is located. Additionally, the Property contains habitat for up to ten of the twenty-one total plant and animal species covered by the HCP.

This project advances the Conservancy's goals by protecting 358 acres of uplands wildlife habitat, connecting corridors and scenic areas of regional significance. This acquisition is an

important step in realizing the vision of a contiguous north-south wildlife corridor and regional trail system within the western hills of Santa Clara County from Coyote Valley to the Pajaro River.

In September 2010, POST entered into a three-year option with the landowner to purchase the Property for its appraised value of \$1,075,000, or approximately \$3,000/acre. Since signing the option agreement, POST has initiated discussions with staff members of the Santa Clara County Open Space Authority (SCCOSA), County Parks, the Santa Clara Valley Water District (SCVWD), and the Resources Legacy Fund (RLF) about potential funding and management opportunities for the Property. (The County Park adjacent to the Property is owned in fee by the SCVWD, but managed by County Parks.) The RLF recently approved a grant of \$268,750 (one quarter of the total acquisition cost) for the purchase of the Property. The Board of the SCCOSA has approved a grant of \$268,750 toward the acquisition. In order to complete the acquisition by early 2013, with funding from the Conservancy, POST would cover the remaining portion of the acquisition costs (\$287,500) until County Parks is in a position to acquire the Property and prepare it for future public access.

During POST's ownership of the Property, County Parks would likely assume all management responsibilities until it is able to purchase the Property from POST for permanent protection and management. POST has successfully implemented this type of partnership structure on two other acquisitions in Santa Clara County (Rancho San Vicente adjacent to Calero County Parks and Clark Canyon Ranch adjacent to Mount Madonna County Park).

The Conservancy has worked with POST on numerous projects in San Mateo and Santa Clara Counties. Given POST's staff capabilities and track record, POST is well-suited to take on this large, complex acquisition. Further, POST is uniquely willing to take on the risk of acquiring the Property, in part with its own capital funds, in order to accommodate the anticipated – but by no means guaranteed – future purchase by County Parks.

Site Description: The Property consists of three contiguous parcels of hillside land located adjacent to the County Park in an unincorporated area in southern Santa Clara County near the City of Morgan Hill. Its current and historic use is open space and private recreation and there are no habitable structures on the Property. The Property is highly visible from the County Park as well as from Uvas Road, a County-designated Scenic Road. It affords terrific views of Uvas Reservoir and of the undeveloped hillsides to the east and south, past the Cities of Morgan Hill and Gilroy, and into the Diablo Range.

In July 2011, WRA Environmental Consultants completed a Rapid Biological Resources Assessment of the Property, providing a basic overview of its natural resources. The report identifies a number of native plants and wildlife located on the Property, including red-tailed hawks, California whiptail, variable checkerspot, coast live oak, and a number of other species. In addition, a number of special status plant and wildlife species have been identified within a 5-mile radius of the Property, including California red-legged frog, bay checkerspot butterfly, California tiger salamander, and steelhead trout. It is also highly suitable mountain lion habitat, given its upland terrain and its location among a chain of large, undeveloped private properties and public open spaces.

The Property is also significant from a watershed perspective, as a portion of it drains directly into the Uvas Reservoir. It also contains 0.5 miles of a seasonal tributary to Uvas Creek, one of the most prominent streams for steelhead trout in Santa Clara County.

Project History: The current landowner purchased the Property in 1966 from a developer who had planned 270 units on the Property. The landowner has viewed the Property as a long-term investment and has not pursued subdividing or selling the Property over the last several decades. Now in his early 80s, the landowner planned to put the Property on the market in 2010 or shortly thereafter, prior to being contacted by POST.

In the fall of 2010, POST and the landowner commissioned an appraisal of the Property from Hulberg & Associates that determined a value of \$1,075,000. This value informed the option agreement purchase price that POST and the landowner signed in September 2010, committing POST to pay \$15,000 as an option consideration to the landowner if POST did not exercise the option within three years. The appraisal is expected to be updated by the end of 2012.

In 2008, with assistance from POST, the Conservancy provided a \$4,340,000 grant, partly reimbursable, to SCCOSA to acquire the 865-acre Blair Ranch, adjacent to the Rancho Cañada del Oro Open Space Preserve, in the general vicinity of the Property. The Blair Ranch property is now part of that Preserve, and beyond it a complex of connected preserves that will facilitate a proposed trail and wildlife corridor connecting Calero, Almaden Quicksilver, Uvas Reservoir, and Uvas Canyon County Parks, as well as Sierra Azul Open Space Preserve.

PROJECT FINANCING

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|---|---------------------|
| Coastal Conservancy | \$250,000.00 |
| Peninsula Open Space Trust | 287,500.00 |
| Resources Legacy Fund | 268,750.00 |
| Santa Clara County Open Space Authority | <u>268,750.00</u> |

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|----------------------------|-----------------------|
| Total Project Costs | \$1,075,000.00 |
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The anticipated source of Conservancy funds is the FY 2010 appropriation to the Conservancy from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 ("Proposition 84," Public Resources Code Sections 75001 *et seq.*). Proposition 84 funds are available for all San Francisco Bay Area Conservancy Program projects that protect and restore natural habitat values of coastal watershed lands, including projects that protect land through acquisition (Public Resources Code sections 75005(m) and 75060(c)). Acquisition of the Property by POST will protect the natural habitat values of the Property, which is in the Pajaro River/Monterey Bay watershed.

Proposition 84 also requires that, for acquisition projects that protect natural resources, the Conservancy give priority to projects that meet at least one of the criteria specified in Section 75071. The proposed acquisition satisfies four of the five specific criteria because the project will: link protected habitat areas of the southern Santa Cruz Mountains, facilitate wildlife movement and result in a more sustainable combined acreage (Section 75071(a)); contribute to long-term protection of the water quality of Uvas Creek which is in the priority watershed of the

Pajaro River/Monterey Bay in the Central Coast, a major biological region of the state (Section 75071(b)); support a relatively large area of under-protected major habitat types (Section 75071 (c)); and include non-state matching contributions toward the acquisition (Section 75071 (e)). See “PROJECT SUMMARY” and “Site Description” above for information related to these criteria.

As mandated by Section 75071(f), Conservancy staff has submitted to the Resources Agency, and posted on the Conservancy’s website, an explanation of how the proposed acquisition meets the criteria established in Section 75071 for use of Proposition 84 funding.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The proposed project is consistent with the provisions of Chapter 4.5 of Division 21 of the Public Resources Code, Sections 31160-31165, which state that the Conservancy may award grants in the nine-county San Francisco Bay Area to help achieve stated goals. Consistent with Section 31162(b), the proposed project will help “to protect...natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional importance.” The Property acquisition will result in the protection of regionally important Coastal scrub, Semi-Desert scrub California Bay Forest, Blue Oak-Foothill Pine Woodland plant communities on the Property and of the wildlife corridors that it provides. Because the Property is part of the watershed of the Pajaro River/Monterey Bay, the project also protects watershed land.

Consistent with Section 31162(d), the proposed project will “provide open space and natural areas that are accessible to urban populations for recreational... purposes.”

Section 31163(a) provides that “any acquisition of real property by the Conservancy pursuant to this chapter shall be from willing sellers.” Consistent with this section, the seller of the Property has willingly entered into an option agreement with POST.

The Property acquisition satisfies the criteria for determining project priority under Section 31163(c), as the project has the following characteristics: (1) it is supported by regional plans, including the Santa Clara Countywide Trails Master Plan, the Conservation Lands Network, and the Santa Clara County HCP/NCCP (draft); (2) it serves a regional constituency in that the project will help preserve sensitive natural communities and also provides scenic resources and potential trail connections; (3) it can be implemented in a timely way because it will be completed within approximately 4 months; (4) unless the acquisition closes by September 2013, the benefits of a conservation acquisition of the Property could be lost; and (5) it includes substantial matching funds.

CONSISTENCY WITH CONSERVANCY’S 2007 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 10, Objective D** of the Conservancy’s 2007 Strategic Plan, the proposed project would protect 358 acres of uplands, wildlife habitat, connecting corridors, scenic areas, and other open-space resources of regional significance in the Bay Area.

Consistent with **Goal 11, Objective C** the proposed project will increase the amount of land accessible to the public and provide a corridor for trails.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on November 10, 2011, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** The proposed project has broad support from the public, as demonstrated by the project letters attached as Exhibit 4 to this staff recommendation.
4. **Location:** The project is located in Santa Clara County, within the jurisdiction of the nine-county San Francisco Bay Area Conservancy Program.
5. **Need:** POST is under a three-year option with the landowner to purchase the Property which expires in 2013. We are now in the last year of the option so it is therefore urgent to secure the required funding to protect this property. If POST is unable to secure funding within the three-year period, the option will expire and the opportunity to conserve this critical linkage would be lost. Without funding from the Conservancy, it would not be possible to complete the transaction and the opportunity to leverage other funding sources to protect the Property would be lost.
6. **Greater-than-local interest:** The proposed project would protect wildlife habitat that is of state and federal significance, preserve scenic open space, and enable connection of trails in the County Park and contribute to a proposed north-south corridor within the Santa Cruz Mountains that has the potential to link over 40,000 acres of protected lands for wildlife and sensitive habitats extending northwest all the way to Los Gatos and beyond Highway 17.
7. **Sea level rise vulnerability:** The Property is not vulnerable to rising sea level, as it is not close to a shoreline and lies between 400 and 1,450 feet above sea level. Wide elevation gradients on the Property will further protect the land from potential flood risks, and will provide refuge for species seeking higher ground in the event of a flood.

Additional Criteria

8. **Urgency:** See "Need" above in "Required Criteria."
9. **Leverage:** See the "Project Financing" section above.
10. **Readiness:** With the commitments from POST, Resources Legacy Fund, Santa Clara County Open Space Authority, and the proposed Conservancy funding authorization, POST will have the funds needed to complete the acquisition of the Property.

11. **Realization of prior Conservancy goals:** See “Project History” above.
12. **Vulnerability from climate change impacts other than sea level rise:** Protection of this property will help advance the 2009 California Climate Adaptation Strategy given that the Property is a "healthy, resilient ecosystem with a rich plant and animal biodiversity, critical to the health, safety, and welfare of human populations." Additionally, its protection will add to a network of reserve areas that provides areas of refuge and aids the movement of species as they adjust to changing conditions associated with climate change. Protection of this property would directly help advance this strategy as it includes the following features: climatic and elevational gradients, microclimates, and low fragmentation.

COMPLIANCE WITH CEQA:

Land acquisition for the purpose of preserving the land in its natural condition and providing public access is categorically exempt from California Environmental Quality Act (CEQA), under 14 California Code of Regulations Section 15313, as an acquisition of lands for preservation of fish and wildlife habitat; Section 15325, as a transfer of an interest in land to preserve open space and habitat, and in particular, preservation of the existing natural conditions, including plant and animal habitats; and Section 15316, as an acquisition of land to establish a park where the land is in natural condition and a management plan for the park has not yet been created.

Staff will file a Notice of Exemption following Conservancy authorization.